

UNIFIED SCHOOL DISTRICT NUMBER 368
Paola, Kansas

**FINANCIAL STATEMENT
AND
INDEPENDENT AUDITOR'S REPORT**

June 30, 2015

UNIFIED SCHOOL DISTRICT NUMBER 368

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District Number 368
Paola, Kansas

Report on Financial Statements

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District Number 368 of Paola, Kansas, as of and for the year ended June 30, 2015 and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note C to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note C of the financial statement, the financial statement is prepared by Unified School District Number 368 of Paola, Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note C and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District Number 368 of Paola, Kansas as of June 30, 2015, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of the Unified School District Number 368 of Paola, Kansas as of June 30, 2015, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note C.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures - actual and budget, individual fund schedules of regulatory basis receipts and expenditures - actual and budget, schedule of regulatory basis receipts and expenditures - agency funds, and schedule of regulatory basis receipts and expenditures - district activity funds (Schedules 1, 2, 3, 4 and 5 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompanying Schedule of Expenditures of Federal Awards is also presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations* and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note C.

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2014, on our consideration of Unified School District Number 368's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Unified School District Number 368's internal control over financial reporting and compliance.

Prior Year Comparative

The 2014 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures -- actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2015 basic financial statement upon which we have rendered an unmodified opinion dated September 29, 2015. The 2014 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://da.ks.gov/ar/muniserv/>. Such 2014 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 basic financial statement. The 2014 comparative information was subjected to the auditing procedures applied in the audit of the 2014 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2014 basic financial statement or to the basic financial statements itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 comparative information is fairly stated in all material respects in relation to the 2015 basic financial statement as a whole, on the basis of accounting described in Note C.



Agler & Gaeddert, Chartered
September 29, 2015

Unified School District Number 368
Paola, Kansas

SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
For the Year Ended June 30, 2015

	Beginning Unencumbered Cash and Investments	Prior Year Cancelled Encumbrances	Receipts	Expenditures
Governmental Type Funds				
General Funds				
General	\$ 0	\$ 0	\$ 11,493,496	\$ 11,493,496
Supplemental General	343,318	0	3,668,467	3,915,826
Special Purpose Funds				
Adult Education	11,374	0	196,749	196,749
Adult Supplementary Education	38,186	0	51,946	58,144
At Risk	996,965	0	646,919	753,992
Bilingual Education	35,011	0	0	1,926
Capital Outlay	3,578,559	0	1,381,477	492,098
Driver Training	17,509	0	24,273	18,602
Food Service	292,530	0	985,296	901,948
Professional Development	137,773	0	33,066	33,066
Parent Education Program	3,930	0	219,826	219,826
Special Education	1,653,729	0	3,343,964	3,112,737
Vocational Education	706,410	0	505,250	496,165
Kansas Public Retirement System	0	0	2,025,767	2,025,767
Coop Special Education	1,761,982	0	13,595,364	13,435,706
Special Assessment	277	0	26,363	7,050
Title I	0	0	310,698	310,698
Title II A-Teacher Quality Improve	0	0	44,303	44,303
Vocational Education-Carl Perkins	0	0	35,307	35,307
Contingency Reserve	1,144,000	0	0	0
Student Material Revolving	665,676	0	225,291	225,291
Gate Receipts and User Charges	4,861	0	189,176	185,536
Bond & Interest Funds				
Bond and Interest	3,483,617	0	2,211,410	2,192,765
Capital Project Funds				
Construction	16,592,292	0	9,320	16,173,761
Business Type Funds				
Health Insurance	990,765	0	1,930,699	2,034,249
Trust Type Funds				
Expendable Trust Funds				
Scholarship and Other Trusts	90,096	0	54,976	53,013
Nonexpendable Trust Funds				
Scholarship	258,094	0	3,542	3,542
Related Municipal Entity				
Endowment Trusts	2,561,128	0	700,126	775,072
Total reporting entity (excluding agency funds)	\$ 35,368,082	\$ 0	\$ 43,913,071	\$ 59,196,635

The accompanying notes are an integral part of this statement.

Statement 1

Ending Unencumbered Cash and Investments	Add Encumbrances and Accounts Payable	Ending Cash and Investments		
\$ 0	\$ 97,490	\$ 97,490	Composition of ending cash and investments	
95,959	79,713	175,672	Demand Deposits	
11,374	1,636	13,010	First Option Bank	\$ 2,008,911
31,988	1,928	33,916	Activity Fund Accounts	142,582
889,892	5,239	895,131	Time Deposits	
33,085	0	33,085	Landmark Bank	192,671
4,467,938	87,927	4,555,865	First Option Bank	23,650
23,180	80	23,260	First Option Bank	15,214,173
375,878	560	376,438	First Option Bank	258,094
137,773	6,934	144,707	Security Bank bonds and mm	13,182,172
3,930	21,667	25,597	Less Agency funds per Schedule 3	<u>(131,438)</u>
1,884,956	6,427	1,891,383		30,890,815
715,495	6,682	722,177	Investments	
0	0	0	Stocks and Bonds of Endowment Trust	<u>2,486,182</u>
1,921,640	48,445	1,970,085	Total cash and investments	<u>\$ 33,376,997</u>
19,590	2,000	21,590		
0	0	0		
0	0	0		
0	0	0		
1,144,000	0	1,144,000		
665,676	55,175	720,851		
8,501	2,644	11,145		
3,502,262	0	3,502,262		
427,851	12,754,321	13,182,172		
887,215	113,611	1,000,826		
92,059	0	92,059		
258,094	0	258,094		
<u>2,486,182</u>	<u>0</u>	<u>2,486,182</u>		
<u>\$ 20,084,518</u>	<u>\$ 13,292,479</u>	<u>\$ 33,376,997</u>		

The accompanying notes are an integral part of this statement.

**Unified School District Number 368
Paola, Kansas**

**NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2015**

NOTE A. MUNICIPAL REPORTING ENTITY

Unified School District Number 368 is a municipal corporation governed by an elected seven member board. This financial statement presents the Unified School District Number 368 (the municipality). The financial statement includes the municipality and a related municipal entity known as the Endowment.

The Unified School District Number 368 Endowment governing board is a volunteer group. The Endowment receives donations from the public and disburses these funds to eligible students from Paola High School.

NOTE B. REGULATORY BASIS FUND TYPES

The accounts of the District are organized and operated on the basis of funds. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The District potential could have the following types of funds.

General Fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Funds – used to account for the proceeds of specific tax levies and other specific revenues sources (other than Capital Project and tax levies for long-term debt) that are intended for specific purposes.

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and used to make payments of general long-term debt.

Capital Project Fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business Fund – funds financed in whole or part by fees charged to users of goods or services (i.e. enterprise and internal service funds etc.).

Trust Funds – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

Agency Funds – funds used to report assets held by the municipal reporting entity in purely a custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

NOTE C. BASIS OF ACCOUNTING

Regulatory Basis of Accounting and departure from Accounting Principles Generally Accepted in the United States of America - The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligations against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt assignment to a fund, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than mentioned above.

Unified School District Number 368 has approved a resolution that it is in compliance with K.S.A. 75-1120a (c) waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2015

NOTE D. BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget.
3. Public hearing after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

Adjustment to Comply with Legal Max – Unified school districts use this line item (for use in the budget column only) to adjust the certified budget to comply with the “Legal Max” budget. The State Board of Education calculates the “Legal Max” budget using enrollment figures. The District’s budgeted expenditures are limited to the lower of the published budget or the “Legal Max” budget.

Adjustment for Qualifying Budget Credits – Municipalities may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Examples include: expenditure of federal grant monies, gifts and donations, and receipts authorized by law to be spent as if they were reimbursed expenses.

All legal annual operating budgets are prepared using the regulatory basis of accounting in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year’s accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for the following special purpose funds, capital project funds, business funds and trusts:

Special Assessment	Title I
Title II A Teacher Quality Improvement	Vocational Education - Carl Perkins
Contingency Reserve	Student Material Revolving
Construction	Health Insurance

Spending in funds which are not subject to the legal annual operating budget requirements is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing board.

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2015

NOTE E. DEPOSITS AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent available in certificates of deposit and other authorized investments. Earnings from these investments are allocated to designated funds. All investments are stated at cost.

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the District or in an adjoining District if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the bank to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. Government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices. The District rates investments (if any) as noted.

Custodial credit risk – deposits: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. There were no designated "peak periods" during the year. All bank deposits were legally secured at June 30, 2015.

At June 30, 2015, the carrying amount of the District's bank deposits was \$17,840,081 and the bank balance was \$20,023,941. The bank balance was held by five banks reducing concentration risk. The difference between carrying amount and bank balance is outstanding checks and deposits. Of the bank balance, \$501,126 was covered by federal depository insurance, and \$19,522,815 was collateralized with securities held by the pledging financial institution's agents in the District's name.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments be adequately secured.

Concentration of credit risk - State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The District had the following investments and maturities as of June 30, 2015. Fair value is based upon quoted market values:

Investments - USD		Fair Value	Investment Maturities		Percent of Investment	Rating U.S.
Investment Type	Cost		Less than 1	2 years		
Federated Gov't Obligations	\$ 13,143,503	\$ 13,123,935	\$ 13,143,503	\$ 0	0.996	S&P A-1+
Federated Gov't Obligations	38,669	38,669	38,669	0	0.004	S&P A-1+
Total	\$ 13,182,172	\$ 13,162,604	\$ 13,182,172	\$ 0	1.000	

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2015

NOTE E. DEPOSITS AND INVESTMENTS - continued

The Unified School District Number 368 Endowment has bank deposits of \$134,049 and the bank balance was \$144,872. The difference between carrying amount and bank balance is outstanding checks and deposits. The balance was held by one bank which increases concentration risk. Of the bank balance, \$144,872 was covered by federal depository insurance.

Concentration of credit risk - Endowment investment policy places no limit on the amount the Endowment may invest in any one issuer. The Endowment had the following investments and maturities as of June 30, 2015. Fair value is based upon quoted market values:

Investments - Endowment Investment Type	Cost	Fair Value	Investment Maturities		Percent of Investment	Rating U.S.
			Less than 1	2 years		
Money Markets	\$ 83	\$ 83	\$ 83	\$ 0	0.000	N/A
Bonds	25,947	28,503	28,503	0	0.012	S&P A-1+
Mutual funds	2,326,103	2,323,547	2,323,547	0	0.988	S&P A-1+
Total	\$ 2,352,133	\$ 2,352,133	\$ 2,352,133	\$ 0	1.000	

NOTE F. IN-SUBSTANCE PAYMENTS

The District received \$739,291 for general fund and \$3,506 for supplemental general fund subsequent to June 30, 2015 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2015.

NOTE G. CAPITAL PROJECTS

In June 2014, a bond issue was passed. The bond issue addressed the District needs for safety and security, tornado shelters, renovations and to make additions to Cottonwood Elementary, Sunflower Elementary, Paola Middle School, Adult Education Center and Paola High School and make improvements to other facilities throughout the District. The 2014 bonds also defeased \$1,245,000 in 2012 bonds. Many of these projects were completed in this fiscal year.

In addition, the proceeds from selling the bonds at a premium and the interest earnings on the proceeds will be allocated to the project as determined by the Board.

NOTE H. LONG-TERM DEBT

General Long-Term Debt

Long-term obligations consisted of the following during the year:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity
General Obligation Bonds:				
Series 2005	3% to 5.00%	05/17/05	\$ 14,895,000	09/01/15
Series 2012	1% to 2.2%	06/26/12	3,460,000	09/01/18
Series 2014	2% to 5.00%	06/05/14	18,225,000	09/01/28

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2015

NOTE H. LONG-TERM DEBT - continued

General Long-Term Debt - continued

Changes in long-term liabilities for the Unified School District Number 368 for the year ended June 30, 2015 were as follows:

	Beginning Balance	Additions	Reductions/ Payments	Net Change	Ending Balance	Interest Paid
General Obligation Bonds:						
Series 2005	\$ 4,060,000	\$ 0	\$ 2,470,000	\$ (2,470,000)	\$ 1,590,000	\$ 116,850
Series 2012	3,460,000	0	1,245,000	(1,245,000)	2,215,000	51,189
Series 2014	18,225,000	0	0	0	18,225,000	504,726
	<u>\$ 25,745,000</u>	<u>\$ 0</u>	<u>\$ 3,715,000</u>	<u>\$ (3,715,000)</u>	<u>\$ 22,030,000</u>	<u>\$ 672,765</u>

Current maturities of long-term debt and interest for the next five years and in five year increments through the maturity are as follows:

		Year Ended June 30,						
		2016	2017	2018	2019	2020	2020-2024	2025-2028
Principal								Total
General obligation bonds	\$	2,195,000	\$ 2,135,000	\$ 1,220,000	\$ 1,245,000	\$ 1,270,000	\$ 7,070,000	\$ 6,895,000
								22,030,000
Interest								
General obligation bonds		755,743	691,145	660,390	635,859	601,063	2,251,638	544,131
								6,139,969
Total principal and interest	\$	<u>2,950,743</u>	<u>2,826,145</u>	<u>\$ 1,880,390</u>	<u>\$ 1,880,859</u>	<u>\$ 1,871,063</u>	<u>\$ 9,321,638</u>	<u>\$ 7,439,131</u>
								28,169,969

The District is subject to the municipal finance laws of the State of Kansas which limits the net bonded debt (exclusive of revenue bonds and special assessment bonds) the District may have outstanding to 14% of the assessed value of all tangible taxable property within the District, as certified to the County Clerk on the preceding August 25. Additional authority may be granted by the Kansas State Board of Education. At June 30, 2015, the statutory limit for the District was \$17,935,254 which the District has exceeded with State approval.

Defeasance of Debt

The District has defeased bonds from its 2005 bond issue in the amount of \$1,080,000 as of June 30, 2015.

Operating Leases

The District conducts a portion of its operations utilizing operating leases for copiers. Lease terms expire at various times. Current year rental payments under operating leases were \$29,040. Minimum future rental payments under operating leases as of June 30, 2016 are \$29,040, for 2017 - \$29,040 for 2018 - \$29,400 and for 2019 - \$19,360 for a total of \$135,520.

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2015

NOTE I. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Special Education	K.S.A. 72-6428	\$ 2,107,966
General Fund	Vocational Education	K.S.A. 72-6428	101,984
General Fund	Professional Development	K.S.A. 72-6428	33,066
General Fund	At-Risk (K-12)	K.S.A. 72-6428	646,919
General Fund	Student Material Revolving	K.S.A. 72-6428	109,483
Supplemental General Local Option	Parent Education	K.S.A. 72-6433	26,340
Supplemental General Local Option	Special Education	K.S.A. 72-6433	1,100,864
Supplemental General Local Option	Vocational education	K.S.A. 72-6433	402,431

NOTE J. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Health Insurance

During the year ended June 30, 2015, employees of the District were covered by the District's medical self-insurance plan ("the plan"). The plan was established October 1, 2004. The District's contribution is \$400 per month for a single policy up to \$450 per month for a family policy per employee. All District employees, at their option, can authorize payroll withholdings to pay non-District provided contributions. Claims are paid by a third party administrator acting on behalf of the District. The plan is documented by contractual agreement.

The administrative contract between the District and the third party administrator is renewable annually and stop-loss premiums are included in the contractual provisions. The District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through a commercial insurer licensed and eligible to do business in Kansas in accordance with Kansas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$85,000 and for aggregate loss, which is limited to \$1,000,000 annually. Liabilities include an amount for claims that have been incurred but not reported (IBNR's). Liabilities are reported when it is probable that claims have been incurred and the amount of liability can be reasonably estimated. Claim liabilities are calculated by the plan administrator and are expected to be liquidated with expendable available financial resources.

	2015
Unpaid Claims, July 1	\$ 51,572
Incurred claims (including IBNR's)	1,645,595
Claim payments	1,583,556
Unpaid claims, June 30	\$ <u>113,611</u>

Other Post Employment Benefits

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retiree's health insurance plan because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been qualified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2015

NOTE J. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS - continued

Flexible Benefit Plan (I.R.C. Section 125)

The District adopted by resolution a salary-reduction flexible benefit plan (Plan) under section 125 of the Internal Revenue Service Code. All employees of the District are eligible to participate in the plan beginning the first day of the month following their employment. Each participant may elect to reduce his or her salary to purchases benefits offered through the Plan. Currently, benefits offered through the Plan include health insurance, dependent care coverage and medical reimbursement.

Compensated Absences

The District's policy is to recognize the cost of compensated absences when actually paid. The District's policies regarding sick pay permits employees to accumulate sick leave of 12 days per year or one day per month for those employees whose contract is for 10, 11, or 12 months up to a total accumulation of 100 days. Upon retirement at age 62 (or at age 60 with at least 12 years of experience within the District), certified and classified personnel will be paid for the unused sick leave at the rate of \$65 per day. The District's policy also requires reimbursement to staff of \$65 per day for each day over the 100 days at the end of the school year.

The costs of accumulated sick leave are not recorded at the time the benefits are accrued. At June 30, 2015 the District paid sick leave pay for employees who will be 62 or older on or before June 30, 2015 or have accumulated in excess of 100 days in the amount of \$76,504. The District has not estimated the dollar amount of accumulated sick leave pay for any other group of employees.

NOTE K: PENSION PLANS

Defined Benefit Pension Plan

Plan description - The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by Kansas law. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100, Topeka, Kansas 66603) or by calling 1-888-275-5737.

Funding policy -- K.S.A. 74-4919 and K.S.A. 74-49,210 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is Tier 1 or Tier 2 member. The Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. State of Kansas is required to contribute the statutory required employer share.

Net Pension Liability - The total pension liability for KPERS was determined by an actuarial valuation as of December 31, 2013, which was rolled forward to June 30, 2014. As of June 30, 2014 the net pension liability for KPERS was \$8,291,794,910. KPERS has determined the Municipality's proportionate share of the net pension liability as of June 30, 2014 to be 29,036,925. The complete actuarial valuation report including all actuarial assumptions and methods is publicly available on the website at www.kpers.org or can be obtained as described in the first paragraph above.

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2015

NOTE L. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Settlement of claims has not exceeded commercial insurance coverage in any of the last three fiscal years.

NOTE M. OTHER INFORMATION

Reimbursed Expenses

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursement as revenue in the same fund. For purposes of budgetary comparisons, the reimbursements are shown as adjustments for qualifying budget credits.

Ad valorem tax revenues

The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser annually determines assessed valuations and the County Clerk spreads the annual assessment on the tax rolls. One-half of the property taxes are due December 20, and distributed to the District by January 20. The second half is due May 10 and distributed to the District by June 5. The District Treasurer draws other available funds from the County Treasurer at designated times throughout the year.

Compliance with Kansas Statute

The District is not aware of any violations.

Contingencies

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statement of the District at June 30, 2015.

NOTE N. CAPITAL PROJECTS

The bond proceeds received as of the year ended June 30, 2014 have been used to finance the following projects.

USD #368 Capital Projects

	Projected Costs	Actual Costs
Phase 1	\$ 1,200,000	\$ 1,179,022
Phase 2	<u>16,300,000</u>	<u>15,908,236</u>
	<u>\$ 17,500,000</u>	<u>\$ 17,087,258</u>

**Unified School District Number 368
Paola, Kansas**

**NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2015**

NOTE O. SUBSEQUENT EVENTS

Subsequent Events: The District evaluated subsequent events through September 29, 2015, the date the financial statement was available to be issued.

**Required Regulatory Basis
Supplementary Information**

Unified School District Number 368**Paola, Kansas****SUMMARY OF EXPENDITURES-ACTUAL AND BUDGET
BUDGETED FUNDS
For the year ended June 30, 2015**

	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max</u>
General Funds		
General Fund	\$ 11,692,361	\$ (222,187)
Supplemental general local option	3,979,737	(63,911)
Special Purpose Funds		
Adult education	212,844	0
Adult supplementary education	116,486	0
At risk	1,615,539	0
Bilingual education	38,478	0
Capital outlay	4,030,870	0
Driver training	47,083	0
Food service	1,311,663	0
Professional development	157,773	0
Parent education program	218,184	0
Special education	3,803,137	0
Vocational education	812,539	0
Kansas Public Retirement System	2,386,124	0
Co-op special education	14,900,801	0
Bond & Interest Funds		
Bond and interest	<u>2,192,765</u>	<u>0</u>
Total Certified Budget	\$ <u>47,516,384</u>	\$ <u>(286,098)</u>

See Independent Auditor's Report.

Schedule 1

<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
\$ 23,322	\$ 11,493,496	\$ 11,493,496	\$ 0
0	3,915,826	3,915,826	0
0	212,844	196,749	(16,095)
0	116,486	57,487	(58,999)
0	1,615,539	753,992	(861,547)
0	38,478	1,926	(36,552)
0	4,030,870	492,098	(3,538,772)
0	47,083	18,602	(28,481)
0	1,311,663	901,948	(409,715)
0	157,773	33,066	(124,707)
2,195	220,379	219,826	(553)
0	3,803,137	3,112,737	(690,400)
0	812,539	496,165	(316,374)
0	2,386,124	2,025,767	(360,357)
0	14,900,801	13,435,706	(1,465,095)
<u>0</u>	<u>2,192,765</u>	<u>2,192,765</u>	<u>0</u>
\$ <u>25,517</u>	\$ <u>47,255,803</u>	\$ <u>39,348,156</u>	\$ <u>(7,907,647)</u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2a

GENERAL FUNDS
GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

		2015		Variance
	2014	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Ad valorem property	\$ 2,339,982	\$ 0	\$ 0	\$ 0
Delinquent	61,339	0	0	0
Other	0	4,482	0	4,482
Reimbursed expenses	10,752	23,322	0	23,322
County Sources				
In Lieu of Taxes IRBs	2,824	0	4,072	(4,072)
State sources				
Equalization aid	7,233,252	9,566,548	9,523,575	42,973
Special education aid	1,797,156	1,899,144	2,164,714	(265,570)
Total cash receipts	<u>11,445,305</u>	<u>11,493,496</u>	<u>\$ 11,692,361</u>	<u>\$ (198,865)</u>
Expenditures				
Instruction				
Salaries	4,664,708	4,674,094	\$ 4,509,196	\$ 164,898
Employee benefits	810,150	779,084	836,000	(56,916)
Purchased Property Services	0	0	5,000	(5,000)
Supplies	159,583	260,887	192,455	68,432
Student activities	89,478	89,406	90,590	(1,184)
Student support services				
Salaries	210,322	215,687	218,000	(2,313)
Employee benefits	29,547	28,816	30,950	(2,134)
Supplies	3,270	3,719	3,000	719
Instruction support staff				
Salaries	340,167	349,616	352,500	(2,884)
Employee benefits	28,547	29,114	29,100	14
Supplies	17,739	18,031	18,750	(719)
General administration				
Salaries	334,908	340,705	346,000	(5,295)
Employee benefits	64,942	65,755	68,200	(2,445)
Purchased professional services	19,723	20,995	10,000	10,995
Other	45,247	38,408	41,000	(2,592)
School administration				
Salaries	717,914	732,848	742,000	(9,152)
Employee benefits	124,878	134,187	132,000	2,187

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2a

GENERAL FUNDS
GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

		2015		Variance
	2014	Actual	Budget	Over
	Actual			(Under)
Expenditures (continued)				
Operations and maintenance				
Salaries	\$ 421,887	\$ 425,263	\$ 479,000	\$ (53,737)
Employee benefits	92,563	83,851	99,900	(16,049)
Other supplemental services				
Salaries	197,999	203,612	205,000	(1,388)
Operating transfers				
Special education	1,823,764	2,107,966	2,164,714	(56,748)
Vocational education	150,000	101,984	0	101,984
Professional development	58,669	33,066	0	33,066
At risk (K-12)	949,152	646,919	1,115,539	(468,620)
Bilingual	0	0	3,467	(3,467)
Student material	90,148	109,483	0	109,483
Adjustment to comply with				
legal maximum	0	0	(222,187)	222,187
Legal fund budget & expenditures	11,445,305	11,493,496	11,470,174	23,322
Adjustments for qualifying				
budget credits	0	0	23,322	(23,322)
Total expenditures	11,445,305	11,493,496	\$ 11,493,496	\$ 0
Receipts over (under) expenditures	0	0		
Unencumbered cash (deficit), July 1,	0	0		
Unencumbered cash (deficit), June 30,	\$ 0	\$ 0		

See Independent Auditor's Report.

Unified School District Number 368

Paola, Kansas

Schedule 2b

GENERAL FUNDS
SUPPLEMENTAL GENERAL LOCAL OPTION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

		<u>2015</u>		Variance Over (Under)
	2014 <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local sources				
Ad valorem property	\$ 2,420,563	\$ 1,901,852	\$ 1,873,000	\$ 28,852
Delinquent	61,269	56,202	35,616	20,586
County sources				
Motor vehicle	293,788	318,453	275,802	42,651
Recreational vehicle tax	7,025	18,425	6,056	12,369
In lieu of taxes IRBs	2,774	2,769	4,056	(1,287)
State sources				
Supplemental state aid	<u>1,220,119</u>	<u>1,370,766</u>	<u>1,698,950</u>	<u>(328,184)</u>
 Total cash receipts	 <u>4,005,538</u>	 <u>3,668,467</u>	 <u>\$ 3,893,480</u>	 <u>\$ (225,013)</u>
 Expenditures				
Instruction				
Supplies	103,203	110,665	\$ 155,900	\$ (45,235)
Student activities	24,243	26,625	0	26,625
Equipment	59,895	10,316	26,700	(16,384)
Other	0	0	20,000	(20,000)
General administration				
Purchased professional services	0	0	2,000	(2,000)
Purchased property services	81,586	83,880	100,000	(16,120)
Other purchased services	264,972	214,325	300,000	(85,675)
Operations and maintenance				
Salaries	211,889	215,708	232,300	(16,592)
Employee Benefits	39,687	38,257	41,580	(3,323)
Purchased property services	308,537	358,592	273,500	85,092
Other purchased services	21,730	21,031	38,300	(17,269)
Supplies	572,788	607,182	646,500	(39,318)
Vehicle operating services				
Other purchased services	436,641	475,159	480,000	(4,841)
Motor fuel	115,766	96,685	140,000	(43,315)
Other supplemental services				
Other purchased services	65,147	82,142	65,000	17,142
Supplies	4,438	1,235	5,000	(3,765)
Property	30,913	44,389	25,000	19,389

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2b

GENERAL FUNDS
SUPPLEMENTAL GENERAL LOCAL OPTION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

	2014 Actual	2015		Variance Over (Under)
		Actual	Budget	
Operating transfers - continued				
Professional Development	\$ 33,289	\$ 0	\$ 20,000	\$ (20,000)
Parent education program	26,340	26,340	26,340	0
Special education	956,808	1,100,864	988,423	112,441
Textbooks	30,134	0	0	0
Vocational education	490,519	402,431	393,194	9,237
Adjustment to comply with legal maximum	0	0	(63,911)	63,911
Legal fund budget & expenditures	<u>3,878,525</u>	<u>3,915,826</u>	<u>\$ 3,915,826</u>	<u>\$ 0</u>
Receipts over (under) expenditures	127,013	(247,359)		
Unencumbered cash, July 1	<u>216,305</u>	<u>343,318</u>		
Unencumbered cash, June 30	<u>\$ 343,318</u>	<u>\$ 95,959</u>		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2c

SPECIAL PURPOSE FUNDS
ADULT EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

		2015		Variance
	2014	Actual	Budget	Over (Under)
Cash Receipts				
Local sources				
Miscellaneous	\$ 0	\$ 0	\$ 3,000	\$ (3,000)
State sources				
Adult basic aid	63,403	64,735	66,056	(1,321)
Federal sources				
Adult education aid	132,312	132,014	132,414	(400)
Total cash receipts	<u>195,715</u>	<u>196,749</u>	<u>\$ 201,470</u>	<u>\$ (4,721)</u>
Expenditures				
Instruction				
Salaries	103,349	95,995	\$ 111,715	\$ (15,720)
Employee benefits	28,368	28,804	29,029	(225)
Other purchased services	5,380	5,460	9,305	(3,845)
Teaching supplies	2,484	4,601	3,654	947
Student support services				
Salaries	28,544	34,886	28,832	6,054
Other purchased services	0	0	4,079	(4,079)
Special area administration				
Salaries	20,379	19,330	19,330	0
Supplies	0	0	6,900	(6,900)
Miscellaneous expenses	5,677	4,447	0	4,447
Operation and maintenance				
Other purchased services	1,534	3,226	0	3,226
Total expenditures	<u>195,715</u>	<u>196,749</u>	<u>\$ 212,844</u>	<u>\$ (16,095)</u>
Receipts over (under) expenditures	0	0		
Unencumbered cash, July 1	<u>11,374</u>	<u>11,374</u>		
Unencumbered cash, June 30	<u>\$ 11,374</u>	<u>\$ 11,374</u>		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2d

SPECIAL PURPOSE FUNDS
ADULT SUPPLEMENTARY EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

		2015		Variance
	2014	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Class fees	\$ 7,670	\$ 4,848	\$ 4,000	\$ 848
Miscellaneous	643	9,678	74,300	(64,622)
Reimbursements	<u>76,647</u>	<u>37,420</u>	<u>0</u>	<u>37,420</u>
Total cash receipts	<u>84,960</u>	<u>51,946</u>	<u>\$ 78,300</u>	<u>\$ (26,354)</u>
Expenditures				
Instruction				
Salaries	19,928	18,480	\$ 58,284	\$ (39,804)
Employee benefits	1,521	1,426	6,358	(4,932)
Purchased Professional & Tech Services	0	0	34,457	(34,457)
Other purchased services	31,895	16,750	1,000	15,750
Supplies	<u>32,696</u>	<u>21,488</u>	<u>16,387</u>	<u>5,101</u>
Total expenditures	<u>86,040</u>	<u>58,144</u>	<u>\$ 116,486</u>	<u>\$ (58,342)</u>
Receipts over (under) expenditures	(1,080)	(6,198)		
Unencumbered cash, July 1	<u>39,266</u>	<u>38,186</u>		
Unencumbered cash, June 30	<u>\$ 38,186</u>	<u>\$ 31,988</u>		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2e

SPECIAL PURPOSE FUNDS
AT RISK FUND (K-12)

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

		2015		Variance
	2014	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Operating transfers				
General fund	\$ 949,152	\$ 646,919	\$ 1,115,539	\$ (468,620)
Total cash receipts	949,152	646,919	1,115,539	(468,620)
Expenditures				
Instruction				
Salaries	704,617	631,838	\$ 1,399,639	\$ (767,801)
Employee benefits	50,616	44,854	56,400	(11,546)
Purchased professional services	8,050	8,650	0	8,650
Supplies	35,869	68,650	159,500	(90,850)
Total expenditures	799,152	753,992	\$ 1,615,539	\$ (861,547)
Receipts over (under) expenditures	150,000	(107,073)		
Unencumbered cash, July 1	846,965	996,965		
Unencumbered cash, June 30	\$ 996,965	\$ 889,892		

See Independent Auditor's Report.

Unified School District Number 368**Paola, Kansas**Schedule 2f**SPECIAL PURPOSE FUNDS
BILINGUAL EDUCATION****SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS****For the year ended June 30, 2015****(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)**

	2014 Actual	2015		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Operating transfers				
General fund	\$ 0	\$ 0	\$ 3,467	\$ (3,467)
Total cash receipts	0	0	<u>3,467</u>	<u>(3,467)</u>
Expenditures				
Instruction				
Salaries	3,454	1,926	\$ 38,478	\$ (36,552)
Total expenditures	3,454	1,926	<u>38,478</u>	<u>(36,552)</u>
Receipts over (under) expenditures	(3,454)	(1,926)		
Unencumbered cash, July 1	38,465	35,011		
Unencumbered cash, June 30	<u>\$ 35,011</u>	<u>\$ 33,085</u>		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2g

SPECIAL PURPOSE FUNDS
CAPITAL OUTLAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

		2015		Variance
	2014	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Ad valorem property	\$ 1,012,867	\$ 1,011,100	\$ 903,414	\$ 107,686
Delinquent	22,688	22,138	14,868	7,270
Interest	17,826	37,514	50,000	(12,486)
Other revenue	1,152	1,482	0	1,482
County sources				
Motor vehicle	106,231	138,475	120,253	18,222
Recreational vehicle	2,574	7,812	2,641	5,171
In Lieu of Taxes IRBs	0	0	1,768	(1,768)
State Sources				
State aid	0	142,626	258,218	(115,592)
Other				
Miscellaneous	15,697	20,330	50,000	(29,670)
Total cash receipts	<u>1,179,035</u>	<u>1,381,477</u>	<u>\$ 1,401,162</u>	<u>\$ (19,685)</u>
Expenditures				
Instruction				
Property	437,048	358,702	\$ 875,000	\$ (516,298)
Operation and maintenance				
Property	135,286	42,969	235,000	(192,031)
Facility acquisition & construction services				
Architectural and Engineering services	0	0	10,000	(10,000)
New building acquisition & construction	0	0	2,310,870	(2,310,870)
Other	284,632	90,427	600,000	(509,573)
Total expenditures	<u>856,966</u>	<u>492,098</u>	<u>\$ 4,030,870</u>	<u>\$ (3,538,772)</u>
Receipts over (under) expenditures	322,069	889,379		
Unencumbered cash, July 1	<u>3,256,490</u>	<u>3,578,559</u>		
Unencumbered cash, June 30	\$ <u>3,578,559</u>	\$ <u>4,467,938</u>		

See Independent Auditor's Report.

Unified School District Number 368, Paola
Paola, Kansas

Schedule 2h

SPECIAL PURPOSE FUNDS
DRIVER TRAINING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

		2015		Variance
	2014	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Driver's ed fees	\$ 21,888	\$ 15,810	\$ 21,840	\$ (6,030)
State Sources				
State safety aid	<u>7,395</u>	<u>8,463</u>	<u>7,735</u>	<u>728</u>
Total cash receipts	<u>29,283</u>	<u>24,273</u>	<u>\$ 29,575</u>	<u>\$ (5,302)</u>
Expenditures				
Instruction				
Salaries	4,550	3,300	\$ 4,550	\$ (1,250)
Employee benefits	5	3	0	3
Other Purchased Services	18,655	13,530	18,655	(5,125)
Supplies	324	708	18,878	(18,170)
Operations and maintenance				
Supplies	<u>843</u>	<u>1,061</u>	<u>5,000</u>	<u>(3,939)</u>
Total expenditures	<u>24,377</u>	<u>18,602</u>	<u>\$ 47,083</u>	<u>\$ (28,481)</u>
Receipts over (under) expenditures	4,906	5,671		
Unencumbered cash, July 1	<u>12,603</u>	<u>17,509</u>		
Unencumbered cash, June 30	<u>\$ 17,509</u>	<u>\$ 23,180</u>		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2i

SPECIAL PURPOSE FUNDS
FOOD SERVICE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

		2015		Variance
	2014	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Student meal receipts	\$ 316,118	\$ 336,315	\$ 326,251	\$ 10,064
Adult meal receipts	20,536	16,106	0	16,106
Ala Carte meals	120,979	107,085	204,167	(97,082)
Interest	1,347	895	3,000	(2,105)
Reimbursements	17,903	18,555	21,000	(2,445)
State sources				
Equalization aid	9,983	10,045	8,551	1,494
Federal sources				
Child nutrition programs	<u>465,168</u>	<u>496,296</u>	<u>456,164</u>	<u>40,132</u>
Total cash receipts	<u>952,034</u>	<u>985,296</u>	<u>\$ 1,019,133</u>	<u>\$ (33,836)</u>
Expenditures				
Food service operation				
Salaries	469,308	452,365	\$ 508,500	\$ (56,135)
Employee benefits	44,906	39,206	50,000	(10,794)
Other purchased services	2,754	1,438	4,500	(3,062)
Supplies	376,403	395,090	716,363	(321,273)
Property	24,339	8,697	23,000	(14,303)
Other	<u>5,193</u>	<u>5,152</u>	<u>9,300</u>	<u>(4,148)</u>
Total expenditures	<u>922,903</u>	<u>901,948</u>	<u>\$ 1,311,663</u>	<u>\$ (409,715)</u>
Receipts over (under) expenditures	29,131	83,348		
Unencumbered cash, July 1	<u>263,399</u>	<u>292,530</u>		
Unencumbered cash, June 30	<u>\$ 292,530</u>	<u>\$ 375,878</u>		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2j

SPECIAL PURPOSE FUNDS
PROFESSIONAL DEVELOPMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

		2015		Variance
	2014	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Operating transfers				
General	\$ 58,669	\$ 33,066	\$ 0	\$ 33,066
Supplemental General	33,289	0	20,000	(20,000)
Total cash receipts	<u>91,958</u>	<u>33,066</u>	<u>\$ 20,000</u>	<u>\$ 13,066</u>
Expenditures				
Student support services				
Purchased professional and technical services	\$ 33,289	\$ 33,066	\$ 157,773	\$ (124,707)
Total expenditures	<u>33,289</u>	<u>33,066</u>	<u>\$ 157,773</u>	<u>\$ (124,707)</u>
Receipts over (under) expenditures	58,669	0		
Unencumbered cash, July 1	<u>79,104</u>	<u>137,773</u>		
Unencumbered cash, June 30	<u>\$ 137,773</u>	<u>\$ 137,773</u>		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2k

SPECIAL PURPOSE FUNDS
PARENT EDUCATION PROGRAM FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

		2015		Variance
	2014	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Other district payments	\$ 58,387	\$ 58,387	\$ 58,387	\$ 0
Other revenue from Local	0	2,195	0	2,195
State sources				
Parent education aid	129,527	132,904	129,527	3,377
Operating transfers				
Supplemental general	26,340	26,340	26,340	0
Total cash receipts	214,254	219,826	\$ 214,254	\$ 5,572
Expenditures				
Student support services				
Salaries	150,778	146,787	\$ 130,000	\$ 16,787
Employee benefits	29,985	25,434	30,700	(5,266)
Purchased prof & tech services	1,672	3,426	2,000	1,426
Other purchased services	16,000	16,397	29,554	(13,157)
Supplies	4,969	20,051	7,000	13,051
Property	2,949	3,687	5,000	(1,313)
Other	7,901	4,044	13,930	(9,886)
Legal fund budget & expenditures	214,254	219,826	218,184	1,642
Adjustments for qualifying budget credits	0	0	2,195	(2,195)
Total expenditures	214,254	219,826	\$ 220,379	\$ (553)
Receipts over (under) expenditures	0	0		
Unencumbered cash, July 1	3,930	3,930		
Unencumbered cash, June 30	\$ 3,930	\$ 3,930		

See Independent Auditor's Report.

Unified School District Number 368

Paola, Kansas

Schedule 21

**SPECIAL PURPOSE FUNDS
SPECIAL EDUCATION FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the year ended June 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

		<u>2015</u>		Variance Over (Under)	
	2014 <u>Actual</u>	<u>Actual</u>	<u>Budget</u>		
Cash Receipts					
Local sources					
Other	\$ 153,628	\$ 135,134	\$ 150,000	\$ (14,866)	
Operating transfers					
General	1,823,764	2,107,966	2,164,714	(56,748)	
Supplemental general	<u>956,808</u>	<u>1,100,864</u>	<u>988,423</u>	<u>112,441</u>	
Total cash receipts	<u>2,934,200</u>	<u>3,343,964</u>	<u>\$ 3,303,137</u>	<u>\$ 40,827</u>	
Expenditures					
Instruction					
Salaries	20,216	15,339	\$ 25,000	\$ (9,661)	
Other purchased services	2,477,619	2,824,280	2,911,937	(87,657)	
Supplies	40,310	2,364	556,700	(554,336)	
Vehicle operating services					
Salaries	2,483	1,439	10,000	(8,561)	
Employee benefits	1,736	1,284	2,500	(1,216)	
Purchased property services	237,339	258,297	270,000	(11,703)	
Other purchased services	4,497	9,734	2,000	7,734	
Supplies	<u>0</u>	<u>0</u>	<u>25,000</u>	<u>(25,000)</u>	
Total expenditures	<u>2,784,200</u>	<u>3,112,737</u>	<u>\$ 3,803,137</u>	<u>\$ (690,400)</u>	
Receipts over (under) expenditures	150,000	231,227			
Unencumbered cash, July 1	<u>1,503,729</u>	<u>1,653,729</u>			
Unencumbered cash, June 30	\$ <u>1,653,729</u>	\$ <u>1,884,956</u>			

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2m

SPECIAL PURPOSE FUNDS
VOCATIONAL EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

		2015		Variance
	2014	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Reimbursements	\$ 724	\$ 835	\$ 5,000	\$ (4,165)
State sources				
State aid	8,000	0	10,000	(10,000)
Federal sources				
Vocational aid	0	0	33,339	(33,339)
Operating transfers				
General	150,000	101,984	0	101,984
Supplemental general	490,519	402,431	393,194	9,237
Total cash receipts	<u>649,243</u>	<u>505,250</u>	<u>\$ 441,533</u>	<u>\$ 63,717</u>
Expenditures				
Instruction				
Salaries	396,432	384,812	\$ 661,764	\$ (276,952)
Employee benefits	63,164	57,971	69,450	(11,479)
Purchased professional				
& technical services	0	0	20,536	(20,536)
Other purchased services	4,144	3,385	5,149	(1,764)
Supplies	32,065	47,647	32,470	15,177
Property	0	0	19,170	(19,170)
Operations and maintenance				
Purchased property services	3,438	2,350	4,000	(1,650)
Total expenditures	<u>499,243</u>	<u>496,165</u>	<u>\$ 812,539</u>	<u>\$ (316,374)</u>
Receipts over (under) expenditures	150,000	9,085		
Unencumbered cash, July 1	<u>556,410</u>	<u>706,410</u>		
Unencumbered cash, June 30	<u>\$ 706,410</u>	<u>\$ 715,495</u>		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2n

SPECIAL PURPOSE FUNDS
KANSAS PUBLIC RETIREMENT SYSTEM

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

		2015		Variance
	2014	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
State sources				
State aid	\$ 2,074,890	\$ 2,025,767	\$ 2,386,124	\$ (360,357)
Expenditures				
Instruction				
Employee benefits	1,675,844	1,628,276	\$ 1,927,966	\$ (299,690)
Student support				
Employee benefits	101,185	103,623	122,308	(18,685)
Instructional support				
Employee benefits	35,740	34,736	40,239	(5,503)
General administration				
Employee benefits	55,994	55,728	61,819	(6,091)
School administration				
Employee benefits	75,826	75,213	85,187	(9,974)
Other supplemental services				
Employee benefits	21,131	21,381	23,494	(2,113)
Maintenance				
Employee benefits	65,657	65,629	69,128	(3,499)
Student transportation services				
Employee benefits	48	0	295	(295)
Food service				
Employee benefits	43,465	41,181	55,688	(14,507)
Total expenditures	2,074,890	2,025,767	\$ 2,386,124	\$ (360,357)
Receipts over (under) expenditures	0	0		
Unencumbered cash, July 1	0	0		
Unencumbered cash, June 30	\$ 0	\$ 0		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2c

SPECIAL PURPOSE FUNDS
CO-OP SPECIAL EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

		2015		Variance
	2014	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Other districts payments	\$ 8,604,500	\$ 8,322,259	\$ 8,598,306	\$ (276,047)
USD 368 payments	2,288,608	2,544,023	3,150,937	(606,914)
Interest	7,345	4,595	10,000	(5,405)
Reimbursements	214,153	356,888	0	356,888
State sources				
Greenbush	181,388	224,758	0	224,758
Federal sources				
Title VI B	1,741,558	1,719,997	1,741,558	(21,561)
Medicaid	374,379	422,844	400,000	22,844
Total cash receipts	<u>13,411,931</u>	<u>13,595,364</u>	<u>\$ 13,900,801</u>	<u>\$ (305,437)</u>
Expenditures				
Instruction				
Salaries	10,092,713	10,181,587	\$ 10,495,000	\$ (313,413)
Employee benefits	1,444,643	1,460,694	1,540,000	(79,306)
Purchased professional services	13,449	360	210,661	(210,301)
Other purchased services	651,607	630,469	480,000	150,469
Supplies	120,176	117,527	1,080,140	(962,613)
Student support services				
Salaries	641,110	653,666	665,000	(11,334)
Special area administrative services				
Salaries	170,847	175,247	178,000	(2,753)
Operations and maintenance				
Purchased professional services	8,929	8,879	9,000	(121)
Purchased property services	6,203	5,931	7,000	(1,069)
Other purchased services	95,694	89,335	115,000	(25,665)
Vehicle operating service				
Other purchased services	101,905	105,299	110,500	(5,201)
Supplies	8,626	6,712	10,500	(3,788)
Total expenditures	<u>13,355,902</u>	<u>13,435,706</u>	<u>\$ 14,900,801</u>	<u>\$ (1,465,095)</u>
Receipts over (under) expenditures	56,029	159,658		
Unencumbered cash, July 1	<u>1,705,953</u>	<u>1,761,982</u>		
Unencumbered cash, June 30	<u>\$ 1,761,982</u>	<u>\$ 1,921,640</u>		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2p

SPECIAL PURPOSE FUNDS
SPECIAL ASSESSMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS

For the year ended June 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

	2014 <u>Actual</u>	2015 <u>Actual</u>
Cash Receipts		
Local sources		
Ad valorem property	\$ 0	\$ 26,284
Delinquent tax	0	39
County sources		
In Lieu of Taxes IRBs	<u>0</u>	<u>40</u>
Total cash receipts	<u>0</u>	<u>26,363</u>
Expenditures		
Facilities acquisition		
Site improvement services	<u>28,830</u>	<u>7,050</u>
Receipts over (under) expenditures	(28,830)	19,313
Unencumbered cash, July 1	<u>29,107</u>	<u>277</u>
Unencumbered cash, June 30	<u>\$ 277</u>	<u>\$ 19,590</u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2q

SPECIAL PURPOSE FUNDS
TITLE I

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the year ended June 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

	<u>2014</u> <u>Actual</u>	<u>2015</u> <u>Actual</u>
Cash Receipts		
Federal sources		
Grant	\$ 313,809	\$ 310,698
Expenditures		
Instruction		
Salaries	259,901	267,789
Employee benefits	38,771	38,605
Purchased professional services	1,395	1,500
Supplies	0	0
Equipment	0	0
Student support services		
Other purchased services	4,089	2,804
Instructional support		
Other purchased services	<u>9,653</u>	<u>0</u>
Total expenditures	<u>313,809</u>	<u>310,698</u>
Receipts over (under) expenditures	0	0
Unencumbered cash, July 1	<u>0</u>	<u>0</u>
Unencumbered cash, June 30	<u>\$ 0</u>	<u>\$ 0</u>

See Independent Auditor's Report.

Unified School District Number 368

Paola, Kansas

Schedule 2r

SPECIAL PURPOSE FUNDS

TITLE II A TEACHER QUALITY IMPROVEMENT GRANT

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS**

For the year ended June 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

	<u>2014 Actual</u>	<u>2015 Actual</u>
Cash Receipts		
Federal sources		
Grants	\$ <u>43,810</u>	\$ <u>44,303</u>
Expenditures		
Instruction		
Salaries	23,796	28,761
Purchased professional & technical services	<u>20,014</u>	<u>15,542</u>
Total expenditures	<u>43,810</u>	<u>44,303</u>
Receipts over (under) expenditures	0	0
Unencumbered cash, July 1	<u>0</u>	<u>0</u>
Unencumbered cash, June 30	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2s

SPECIAL PURPOSE FUNDS
VOCATIONAL EDUCATION - CARL PERKINS GRANT

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS

For the year ended June 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

	2014 <u>Actual</u>	2015 <u>Actual</u>
Cash Receipts		
Federal sources		
Grant	\$ 35,671	\$ 35,307
Expenditures		
Instruction		
Salaries	1,740	1,664
Supplies	5,874	6,765
Professional development	13,722	15,740
Property	<u>14,335</u>	<u>11,138</u>
Total expenditures	<u>35,671</u>	<u>35,307</u>
Receipts over (under) expenditures	0	0
Unencumbered cash, July 1	<u>0</u>	<u>0</u>
Unencumbered cash, June 30	<u>\$ 0</u>	<u>\$ 0</u>

See Independent Auditor's Report.

Unified School District Number 368

Paola, Kansas

Schedule 2t

**SPECIAL PURPOSE FUNDS
CONTINGENCY RESERVE**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS**

For the year ended June 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

	<u>2014 Actual</u>	<u>2015 Actual</u>
Cash Receipts		
Operating transfers		
General Fund	\$ 0	\$ 0
Expenditures	<u>0</u>	<u>0</u>
Receipts over (under) expenditures	0	0
Unencumbered cash, July 1	<u>1,144,000</u>	<u>1,144,000</u>
Unencumbered cash, June 30	<u>\$ 1,144,000</u>	<u>\$ 1,144,000</u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2u

SPECIAL PURPOSE FUNDS
STUDENT MATERIAL REVOLVING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS

For the year ended June 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

	<u>2014</u> <u>Actual</u>	<u>2015</u> <u>Actual</u>
Cash Receipts		
Local sources		
Rental fees	\$ 107,907	\$ 115,808
Operating transfers		
General	90,148	109,483
Supplemental general	<u>30,134</u>	<u>0</u>
 Total revenue	 <u>228,189</u>	 <u>225,291</u>
 Expenditures		
Instruction		
Textbook purchases	<u>198,055</u>	<u>225,291</u>
 Receipts over (under) expenditures	 30,134	 0
 Unencumbered cash, July 1	 <u>635,542</u>	 <u>665,676</u>
 Unencumbered cash, June 30	 <u>\$ 665,676</u>	 <u>\$ 665,676</u>

See Independent Auditor's Report.

Unified School District Number 368

Paola, Kansas

Schedule 2v

**BOND & INTEREST FUNDS
BOND & INTEREST FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the year ended June 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

		<u>2015</u>		Variance Over (Under)	
	<u>2014 Actual</u>	<u>Actual</u>	<u>Budget</u>		
Cash Receipts					
Local sources					
Ad valorem property	\$ 1,414,323	\$ 1,406,303	\$ 1,256,099	\$ 150,204	
Delinquent	43,670	38,013	20,688	17,325	
Bond proceeds	685,652	58	0	58	
Other	5,000	0	0	0	
County sources					
Motor vehicle	205,896	216,784	179,741	37,043	
Recreational vehicle	0	0	3,947	(3,947)	
In lieu of taxes IRBs	1,619	2,061	2,642	(177,680)	
State sources					
Equalization aid	<u>368,673</u>	<u>548,191</u>	<u>548,191</u>	<u>545,549</u>	
Total cash receipts	<u>2,724,833</u>	<u>2,211,410</u>	<u>\$ 2,011,308</u>	<u>\$ 568,552</u>	
Expenditures					
Debt service					
Bond principal	1,290,000	1,520,000	\$ 1,520,000	\$ 0	
Interest	<u>246,136</u>	<u>672,765</u>	<u>672,765</u>	<u>0</u>	
Total expenditures	<u>1,536,136</u>	<u>2,192,765</u>	<u>\$ 2,192,765</u>	<u>\$ 0</u>	
Receipts over (under) expenditures	1,188,697	18,645			
Unencumbered cash, July 1,	<u>2,294,920</u>	<u>3,483,617</u>			
Unencumbered cash, June 30,	\$ <u>3,483,617</u>	\$ <u>3,502,262</u>			

See Independent Auditor's Report.

Unified School District Number 368**Paola, Kansas**Schedule 2w**CAPITAL PROJECT FUNDS
CONSTRUCTION****SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS**

For the year ended June 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

	2014 <u>Actual</u>	2015 <u>Actual</u>
Cash Receipts		
Local sources		
Bond proceeds	\$ 17,566,630	\$ 9,320
Total cash receipts	<u>17,566,630</u>	<u>9,320</u>
Expenditures		
Construction		
Cost of issuance	0	60,841
Management fees - phase 1	146,193	2,212
Architect fees - phase 1	73,720	43,593
Demolition - phase 1	24,968	0
Masonry - phase 1	17,403	4,500
Carpentry - phase 1	71,786	31,880
Glass & glazing - phase 1	186,365	23,920
Gypsum assemblies - phase 1	105,358	2,194
Acoustical ceilings - phase 1	11,480	0
Flooring - phase 1	17,600	3,920
Painting - phase 1	7,485	990
Casework - phase 1	10,730	0
Plumbing & HVAC - phase 1	59,552	31,982
Electrical & communications - phase 1	82,293	6,026
Electrical safety & security - phase 1	157,183	270
Construction contingency - phase 1	2,222	52,647
Miscellaneous - phase 1	0	550
Management fees - phase 2	0	1,262,399
Architect fees - phase 2	0	1,104,410
Concrete - phase 2	0	1,551,735
Precast fabrication - phase 2	0	1,585,000
Masonry - phase 2	0	321,021
Steel fabrication - phase 2	0	509,792
Carpentry & doors - phase 2	0	874,000
Roofing/sheet metal - phase 2	0	510,400
Fire stopping systems - phase 2	0	29,800
Waterproof/joint sealant - phase 2	0	49,104
Glass & glazing - phase 2	0	49,370
Gypsum assemblies - phase 2	0	998,300
Ceramic tile - phase 2	0	15,417
Acoustical ceilings - phase 2	0	41,100
Wood athletic floor - phase 2	0	131,120
Resinous flooring - phase 2	0	5,150
Carpet & flooring - phase 2	0	46,750
Painting - phase 2	0	92,297

See Independent Auditor's Report.

Unified School District Number 368**Paola, Kansas**Schedule 2w**CAPITAL PROJECT FUNDS
CONSTRUCTION****STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the year ended June 30, 2015**

	<u>2014 Actual</u>	<u>2015 Actual</u>
Expenditures - continued		
Construction - continued		
Signage - phase 2	\$ 0	\$ 5,271
Operable partitions - phase 2	0	13,444
Fixed audience seating - phase 2	0	84,701
Telescoping bleachers - phase 2	0	175,158
Fire suppression - phase 2	0	51,975
Plumbing - phase 2	0	353,520
Mechanical/HVAC - phase 2	0	790,841
Electrical & communications - phase 2	0	1,254,622
Asphalt paving - phase 2	0	55,000
Synthetic turf - phase 2	0	1,985,000
Sports landscaping - phase 2	0	476,418
General landscaping - phase 2	0	91,000
Owner contingency - phase 2	0	18,015
General expenses - phase 2	0	101,243
Building risk - phase 2	0	26,038
Audio visual allowance - phase 2	0	60,995
Fences & gates - phase 2	0	316,330
Earthwork & utilities - phase 2	<u>0</u>	<u>871,500</u>
 Total expenditures	 <u>974,338</u>	 <u>16,173,761</u>
 Receipts over (under) expenditures	 16,592,292	 (16,164,441)
 Unencumbered cash, July 1	 <u>0</u>	 <u>16,592,292</u>
 Unencumbered cash, June 30	 <u>\$ 16,592,292</u>	 <u>\$ 427,851</u>

See Independent Auditor's Report.

Unified School District Number 368**Paola, Kansas****Schedule 2x****BUSINESS TYPE FUNDS
HEALTH INSURANCE****SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS****For the year ended June 30, 2015****(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)**

	<u>2014 Actual</u>	<u>2015 Actual</u>
Cash Receipts		
Local sources		
Interest	\$ 186	\$ 5,135
Other sources		
Miscellaneous income	14	1,500
Reimbursements	<u>1,898,149</u>	<u>1,924,064</u>
Total cash receipts	<u>1,898,349</u>	<u>1,930,699</u>
Expenditures		
General		
Claims	1,783,317	1,645,595
Administrative fees	<u>351,746</u>	<u>388,654</u>
Total expenditures	<u>2,135,063</u>	<u>2,034,249</u>
Receipts over (under) expenditures	(236,714)	(103,550)
Unencumbered cash, July 1	<u>1,227,479</u>	<u>990,765</u>
Unencumbered cash, June 30	<u>\$ 990,765</u>	<u>\$ 887,215</u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2y

TRUST TYPE FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS

For the year ended June 30, 2015

<u>Expendable Scholarship Trust Funds</u>	Beginning Unencumbered Cash	Cash Receipts	Expenditures	Ending Unencumbered Cash
Greason Scholarship	\$ 1,850	\$ 52	\$ 52	\$ 1,850
Humphrey Scholarship	10,040	130	160	10,010
Darland Scholarship	4,474	108	90	4,492
Hileman Scholarship	7,508	116	124	7,500
Charitable Foundation Scholarship	<u>66,224</u>	<u>54,570</u>	<u>52,587</u>	<u>68,207</u>
Total Expendable Scholarship Trust Funds	\$ <u>90,096</u>	\$ <u>54,976</u>	\$ <u>53,013</u>	\$ <u>92,059</u>
<u>Permanent Trust Funds</u>	Beginning Unencumbered Cash	Cash Receipts	Expenditures	Ending Unencumbered Cash
Cook Scholarship	\$ <u>258,094</u>	\$ <u>3,542</u>	\$ <u>3,542</u>	\$ <u>258,094</u>
Total Permanent Scholarship Trust Funds	<u>258,094</u>	<u>3,542</u>	<u>3,542</u>	<u>258,094</u>
Total Trust Funds	\$ <u>348,190</u>	\$ <u>58,518</u>	\$ <u>56,555</u>	\$ <u>350,153</u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 3

AGENCY FUNDS
STUDENT ORGANIZATION FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND CASH BALANCES
REGULATORY BASIS
For the year ended June 30, 2015

	Beginning Cash Balance	Cash Receipts	Cash Expenditures	Ending Cash Balance
Sunflower Elementary School				
Yearbook	\$ 263	2,994	3,030	227
Field Trips	0	1,777	1,777	0
Student Council (vending)	1,204	1,413	1,555	1,062
Endowment Grant-Roman Barn	0	3,100	3,100	0
Miscellaneous	477	3,028	1,970	1,535
PTO	904	5,000	2,939	2,965
Donations	6,251	2,133	3,163	5,221
Outdoor Education	114	0	41	73
Teacher of the Year	0	1,500	717	783
Library	0	129	129	0
	<u>0</u>	<u>129</u>	<u>129</u>	<u>0</u>
Total Sunflower Elementary	\$ 9,213	\$ 21,074	\$ 18,421	\$ 11,866
Paola Middle School				
Box Tops for Education	\$ 2,064	362	531	1,895
Student Council	2,500	1,103	1,103	2,500
Target (rebates)	931	1,621	2,380	172
Band	121	0	0	121
Drama/Scholarship	2,794	160	569	2,385
Donations	3,357	5,548	5,540	3,365
Teacher of the Year	1,000	1,689	2,509	180
Promotions	97	2,840	2,821	116
PMS Vocal Music	5	0	0	5
Magazine Sales	19,339	19,471	17,638	21,172
Miscellaneous	4,876	9,911	10,843	3,944
Roman-B Mini-Grant	0	1,550	1,550	0
Yearbook	136	8,540	8,407	269
School Book Fair	1,575	3,889	3,297	2,167
Love to Learn	30	899	838	91
Concessions	250	5,878	5,878	250
F.I.R.S.T. LEGO	1,221	0	0	1,221
Kansas Association	1,564	3,433	3,640	1,357
Cheerleaders	2,628	2,958	5,023	563
Students Against Drunk Drivers	0	1,760	51	1,709
Athletic Donations	10,000	0	0	10,000
	<u>10,000</u>	<u>0</u>	<u>0</u>	<u>10,000</u>
Total Paola Middle School	\$ 54,489	\$ 71,612	\$ 72,618	\$ 53,483

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 3

AGENCY FUNDS
STUDENT ORGANIZATION FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND CASH BALANCES
REGULATORY BASIS
For the year ended June 30, 2015

	Beginning Cash Balance	Cash Receipts	Cash Expenditures	Ending Cash Balance
Paola High School				
Athletic Donations	\$ 11,354	\$ 10,131	\$ 17,312	\$ 4,173
F.B.L.A.	561	0	0	561
Band	1,298	2,703	3,064	937
Concessions	0	17,835	17,335	500
Class of 2012	933	0	0	933
Class of 2014	189	0	0	189
Class of 2015	3,460	1,091	4,551	0
Class of 2016	499	9,887	8,176	2,210
Class of 2017	1,034	956	0	1,990
Class of 2018	0	1,089	0	1,089
F.C.A.	67	0	0	67
F.F.A.	3,209	27,399	27,676	2,932
FCCLA	658	1,470	1,277	851
Kansas Associates	339	150	222	267
Madrigals Club	514	6,046	6,137	423
National Honor Society	60	120	44	136
Rat Pack	272	1,466	1,223	515
Robotics	12,316	20,441	14,337	18,420
Scholar Bowl	1,102	1,340	1,526	916
Scholarships	500	0	500	0
Spirit Squad	1,047	18,610	19,080	577
S.A.D.D.	667	1,258	1,071	854
Student Council	623	10,895	11,388	130
Counseling Donations	185	385	570	0
Drama Club	1,645	4,708	6,297	56
Strength Club	1	767	401	367
Flag Team Club	257	0	0	257
Strength-Ace	5,286	5,167	9,171	1,282
Thespian Club	512	36,516	33,098	3,930
Drill Team	1,796	4,715	4,969	1,542
Leadership Class	967	4,016	4,078	905
Athletics	263	10,465	10,728	0
IHT	1,000	1,850	1,963	887
Reporter	45	3,484	3,165	364
Yearbook Fees	0	33,861	33,861	0
Grant/Ward	491	250	224	517
Drama/Play	254	7,311	7,565	0
Photography	54	0	0	54
Miscellaneous	97	4,196	3,923	370
Media Center	0	827	827	0
Baseball	0	3,733	3,733	0
Cross Country	97	340	0	437

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 3

AGENCY FUNDS
STUDENT ORGANIZATION FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND CASH BALANCES
REGULATORY BASIS
For the year ended June 30, 2015

	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Expenditures</u>	<u>Ending Cash Balance</u>
Paola High School - continued				
Softball	\$ 2,360	\$ 5,571	\$ 4,435	\$ 3,496
Volleyball	2,209	0	630	1,579
Wrestling	449	0	258	191
Culinary Arts	1,264	0	0	1,264
Donations	<u>0</u>	<u>4,983</u>	<u>4,922</u>	<u>61</u>
 Total Paola High School	 <u>\$ 59,934</u>	 <u>\$ 266,032</u>	 <u>\$ 269,737</u>	 <u>\$ 56,229</u>
 Cottonwood Elementary School				
Target	\$ 502	1,443	853	1,092
Field Trips	0	5,997	5,997	0
PTO	2,006	9,633	11,416	223
Night at the Museum	2,884	7,617	4,799	5,702
Roman-B Mini-Grant	0	3,100	3,100	0
Teacher of the Year	2,000	0	2,000	0
Library	0	168	168	0
Yearbook	0	3,870	3,870	0
Miscellaneous	0	2,773	2,773	0
Science Department	404	0	0	404
Lowes Education	<u>\$ 1,313</u>	<u>0</u>	<u>0</u>	<u>1,313</u>
 Total Cottonwood Elementary	 <u>\$ 9,109</u>	 <u>\$ 34,601</u>	 <u>\$ 34,976</u>	 <u>\$ 8,734</u>
 Adult Education Center				
Miscellaneous	<u>\$ 37</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 37</u>
 Panther Robotics	 <u>\$ 1,136</u>	 <u>\$ 377</u>	 <u>\$ 424</u>	 <u>\$ 1,089</u>
 Total All Schools	 <u>\$ 133,918</u>	 <u>\$ 393,696</u>	 <u>\$ 396,176</u>	 <u>\$ 131,438</u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

DISTRICT ACTIVITY FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH BALANCES

REGULATORY BASIS

For the year ended June 30, 2015

	Unencumbered Cash Balance Beginning	Cash Receipts	Expenditures	Unencumbered Cash Balance Ending
Sunflower Elementary School				
Fees and User Charges				
Activity	\$ 0	\$ 3,207	\$ 3,207	\$ 0
Vending	0	974	974	0
Sales Tax	0	264	264	0
Petty Cash	0	2,381	2,381	0
	<u>0</u>	<u>6,826</u>	<u>6,826</u>	<u>0</u>
Paola Middle School				
Gate Receipts				
Athletics	<u>2,500</u>	<u>32,549</u>	<u>32,549</u>	<u>2,500</u>
Fees and User Charges				
Vending	0	2,828	2,828	0
Activities	0	4,099	4,099	0
Petty Cash	0	500	500	0
Sales Tax	0	1,786	1,786	0
Pay to Participate Fees	0	10,490	10,490	0
	<u>0</u>	<u>19,703</u>	<u>19,703</u>	<u>0</u>
Paola High School				
Fees and User Charges				
D-Art Fees	0	4,299	4,299	0
Book	0	3,097	3,097	0
Drivers Education	0	12,010	12,010	0
Pay to Participate Fees	850	13,335	14,185	0
Vending	0	1,151	1,151	0
Lab	0	318	318	0
Vocational Agriculture	0	532	532	0
Woodworking	231	5,560	5,791	0
Sales Tax	0	11,088	11,088	0
Petty Cash	0	1,000	1,000	0
	<u>1,081</u>	<u>52,390</u>	<u>53,471</u>	<u>0</u>
Gate Receipts	<u>1,280</u>	<u>74,094</u>	<u>69,373</u>	<u>6,001</u>

See Independent Auditor's Report.

Schedule 4

Outstanding Encumbrances and Accounts Payable		Cash Balance Ending	
\$	0	\$	0
	0		0
	0		0
	0		0
	<u>0</u>		<u>0</u>
	0		0
	<u>0</u>		<u>0</u>
	0		2,500
	<u>0</u>		<u>2,500</u>
	0		0
	0		0
	0		0
	0		0
	0		0
	<u>0</u>		<u>0</u>
	0		0
	<u>0</u>		<u>0</u>
	0		0
	0		0
	0		0
	0		0
	0		0
	0		0
	<u>0</u>		<u>0</u>
	0		0
	<u>0</u>		<u>0</u>
	2,644		8,645
	<u>2,644</u>		<u>8,645</u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

DISTRICT ACTIVITY FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH BALANCES
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the year ended June 30, 2015

	Unencumbered Cash Balance Beginning	Cash Receipts	Expenditures	Unencumbered Cash Balance Ending
Cottonwood Elementary School				
Fes and User Charges				
Petty Cash	\$ 0	\$ 284	\$ 284	\$ 0
Vending	0	878	878	0
Sales Tax	0	344	344	0
Activities	0	2,108	2,108	0
	<u>0</u>	<u>3,614</u>	<u>3,614</u>	<u>0</u>
 Total All Schools	 \$ <u>4,861</u>	 \$ <u>189,176</u>	 \$ <u>185,536</u>	 \$ <u>8,501</u>

See Independent Auditor's Report.

Schedule 4

Outstanding Encumbrances and Accounts Payable		Cash Balance Ending	
\$	0	\$	0
	0		0
	0		0
	0		0
	0		0
	0		0
	0		0
\$	2,644	\$	11,145

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 5

RELATED MUNICIPAL ENTITY
 ENDOWMENT TRUSTS

SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDING BALANCES
 REGULATORY BASIS
 For the year ended June 30, 2015

Endowment Fund Scholarships	Beginning Balance	Cash Receipts	Cash Expenditures	Ending Balance
Bea Mount	\$ 90,710	\$ 5,221	\$ 3,000	\$ 92,931
Carl Gump	158,776	18,270	23,329	153,717
William & Carol Young	240,880	13,685	11,000	243,565
Derek Leis	12,167	1,165	1,000	12,332
Edna Patterson	262,465	15,028	10,000	267,493
McLaughlin/Boyd/Emery	45,800	2,607	2,000	46,407
Myrtle Haug	31,730	2,794	1,600	32,924
Evening Lions	20,432	1,162	900	20,694
Rotary Scholars	24,711	3,293	3,000	25,004
McNelly Scholars	5,151	291	250	5,192
Nettie Hook	80,372	4,756	3,522	81,606
Walter and Lucille Smith	19,642	1,131	650	20,123
Danny Locke	1,326	49	500	875
Schwartz Family	58,841	3,336	2,800	59,377
Vivian Kircher	10,475	600	400	10,675
Hillsdale Elementary	11,221	638	500	11,359
USD #368 Endowment	57,199	35,895	32,600	60,494
Jesse Barker	30,808	1,757	1,300	31,265
Quincy Hipp	8,988	514	350	9,152
Tracy Kohl	6,020	358	0	6,378
Stockwell	20,280	1,154	900	20,534
Frances Balocca	2,000	2,000	2,000	2,000
Roman/Barnard	191,632	32,296	7,750	216,178
Ralph and Ersu Wilcox Rossman	30,896	1,759	2,851	29,804
Ellyn Reynolds	325,452	19,682	12,600	332,534
Chloe Hays	3,253	157	605	2,805
Darrel Hurlbut	15,936	907	700	16,143
Kevin Armstrong	6,713	382	300	6,795
Diana Green	5,703	474	250	5,927
Lyman & Ingram	4,314	257	0	4,571
Kirk Wilson	17,699	2,016	750	18,965
W.C. Hartley	17,248	982	750	17,480
Carl Buchman	49,976	2,915	1,000	51,891
Vest Family	451,848	25,706	20,000	457,554
E. J. Meeks	57,665	3,593	1,500	59,758
Paola County	9,516	447	2,000	7,963
5 for 5	5	0	0	5
Dr Robert Banks	0	4,285	28	4,257
Interest	1,402	114,070	114,583	889
Dividends	42,177	109,878	112,194	39,861
Stock Gains/Losses	128,454	263,076	394,227	(2,697)
Administration	1,245	1,540	1,383	1,402
	<u>\$ 2,561,128</u>	<u>\$ 700,126</u>	<u>\$ 775,072</u>	<u>\$ 2,486,182</u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

Federal Grant	Federal	Pass		
Pass Through Grantor/Program Title	CFDA	Through	Revenues	Expenditures
	Number	Grantor's		
		Number		
U.S. Department of Education				
<u>Pass Through Kansas Department of Education</u>				
Title I Grants to Local Education Agencies	84.010	D0368	\$ 310,698	\$ 310,698
Special Education Grants to States	84.027	N/A	1,666,958	1,666,958
Vocational Education	84.048	N/A	35,307	35,307
Special Education Preschool	84.173	N/A	53,039	53,039
Improving Teacher Quality	84.367	DO305	44,636	44,636
<u>Pass Through Kansas Department of Regents</u>				
Adult Education	84.002	N/A	132,014	132,014
Total U.S. Department of Education			<u>2,242,652</u>	<u>2,242,652</u>
 U.S. Department of Agriculture				
<u>Pass Through Kansas Department of Education</u>				
School Breakfast Program	10.553	N/A	92,240	92,240
National School Lunch Program	10.555	N/A	404,055	404,055
State Administrative Expense				
for Child Nutrition	10.560	N/A	50	50
Team Nutrition Grants	10.574	N/A	500	500
Total U.S. Department of Agriculture			<u>496,845</u>	<u>496,845</u>
 Total revenues and expenditures of federal awards			<u>\$ 2,739,497</u>	<u>\$ 2,739,497</u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2015

NOTE A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Unified School District Number 368 under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a select portion of the operations of Unified School District Number 368, it is not intended to and does not present the summary of receipts, expenditures and unencumbered cash of Unified School District Number 368.

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule of Expenditures of Federal Awards are reported based upon the Kansas Municipal Audit and Accounting Guide.

NOTE C. SUBRECIPIENTS

Unified School District Number 368 did not provide federal awards to any sub-recipient for the year ended June 30, 2015.

SPECIAL REPORTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Education
Unified School District Number 368
Paola, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statement of Unified School District Number 368 as of and for the year ended June 30, 2015, and the related notes to the financial statement, which comprise the District's regulatory basis financial statements and have issued our report thereon dated September 29, 2015. The District prepares its financial statements on a regulatory basis of accounting which demonstrates compliance with *Kansas Municipal Audit and Accounting Guide*, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the District's internal control over financial reporting (internal controls) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing our opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

The purpose of this report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ogler & Gaddert, Chartered

September 29, 2015
Ottawa, Kansas

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education
Unified School District Number 368
Paola, Kansas

Report on Compliance for Each Major Federal Program

We have audited Unified School District Number 368's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on each Major Federal Program

In our opinion, the District complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *OMB-Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based upon requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.

Opfer & Gaddert, Chartered

September 29, 2015

Ottawa, Kansas

**Unified School District Number 368
Paola, Kansas**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses:	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses:	<u>No</u>
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)?	<u>No</u>

Identification of major programs:

<u>CFDA Number's</u>	<u>Name of Federal Program or Cluster</u>	<u>Amount</u>
84.010	Title I	\$ 310,698
84.027	Special Education EHC Flo-thru	1,666,928
84.173	Special Education Preschool	53,039

Dollar threshold used to distinguish between Type A and Type B programs	300,000
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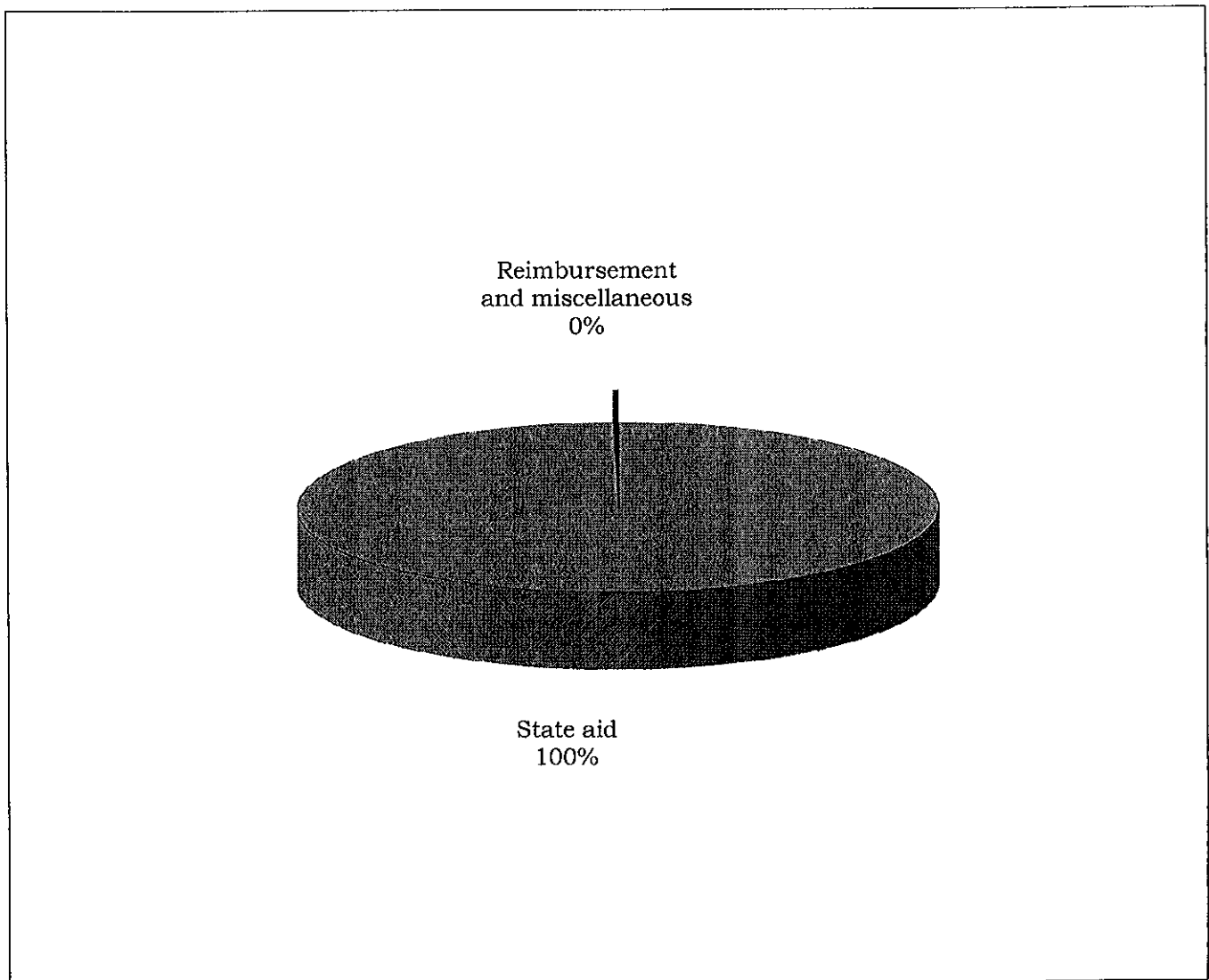
Auditee qualified as a low-risk auditee?	Yes
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GRAPHS

Unified School District Number 368
Paola, Kansas

GENERAL FUND CASH RECEIPTS
Year ended June 30, 2015

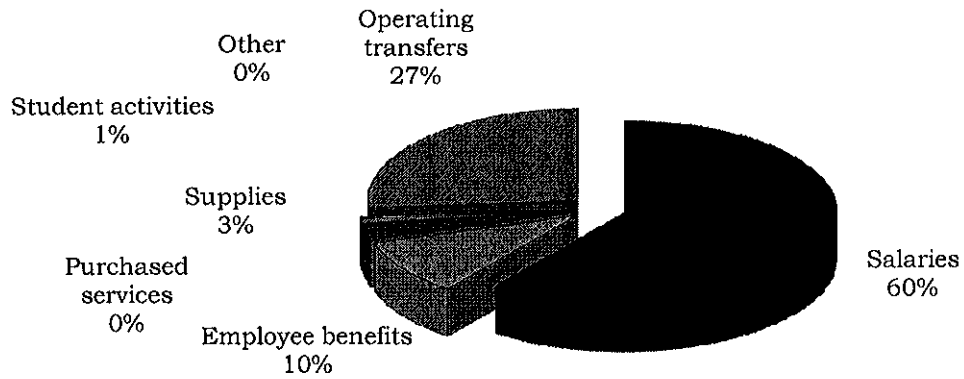
State aid	\$ 11,465,692
Reimbursement and miscellaneous	<u>27,804</u>
Total revenues	<u>\$ 11,493,496</u>



Unified School District Number 368
Paola, Kansas

GENERAL FUND EXPENDITURES BY TYPE
Year ended June 30, 2015

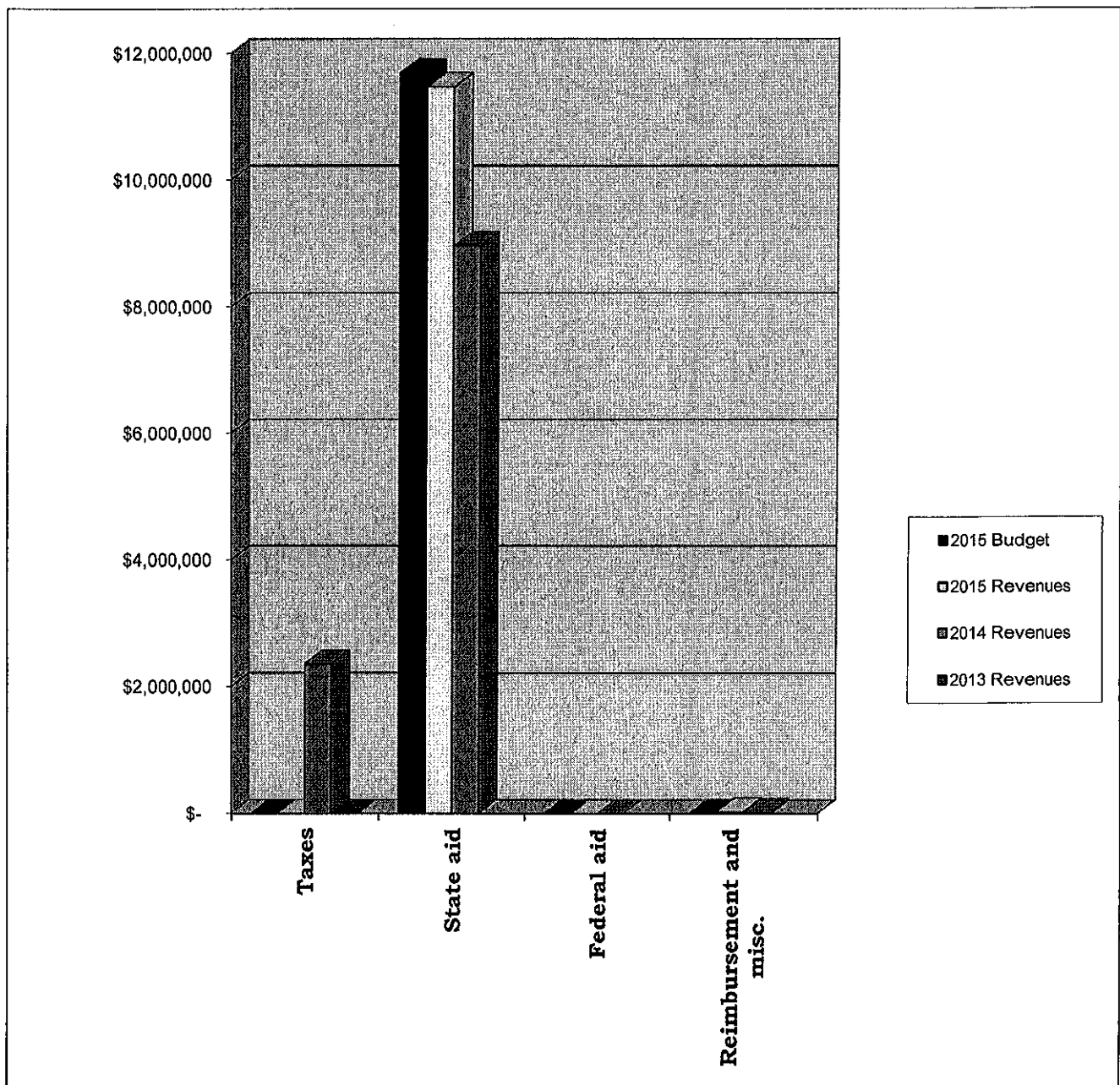
Salaries	\$ 6,941,825
Employee benefits	1,120,807
Purchased services	20,995
Supplies	282,637
Student activities	89,406
Other	38,408
Operating transfers	<u>2,999,418</u>
Total expenditures	<u><u>\$ 11,493,496</u></u>



Unified School District Number 368
Paola, Kansas

GENERAL FUND CASH RECEIPTS AND BUDGET
Year ended June 30, 2015, 2014 and 2013

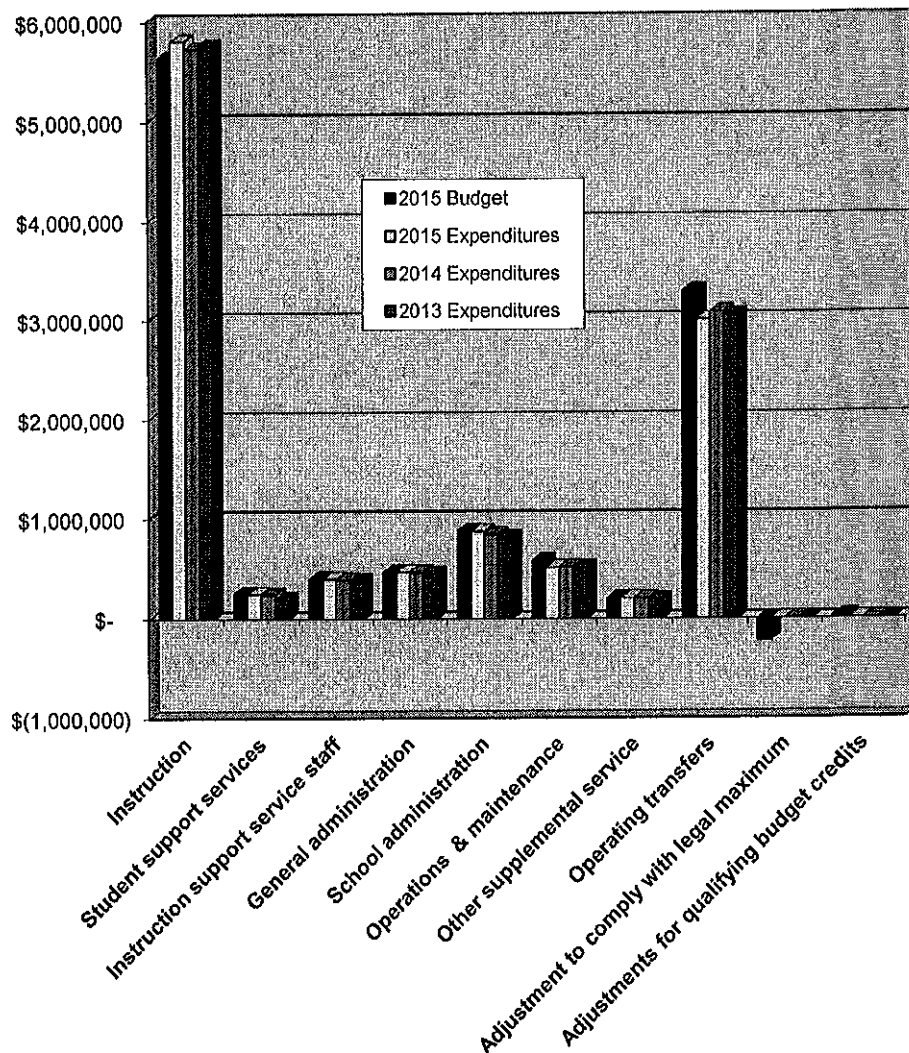
	2015 Budget	2015 Revenues	2014 Revenues	2013 Revenues
Taxes	\$ -	\$ -	\$ 2,401,321	\$ 2,357,488
State aid	11,688,289	11,465,692	9,030,408	8,962,693
Federal aid	0	0	0	0
Reimbursement and misc.	4,072	27,804	13,576	17,456
Total revenues	\$ 11,692,361	\$ 11,493,496	\$ 11,445,305	\$ 11,337,637



Unified School District Number 368
Paola, Kansas

GENERAL FUND EXPENDITURES AND BUDGET
Year ended June 30, 2015, 2014 and 2013

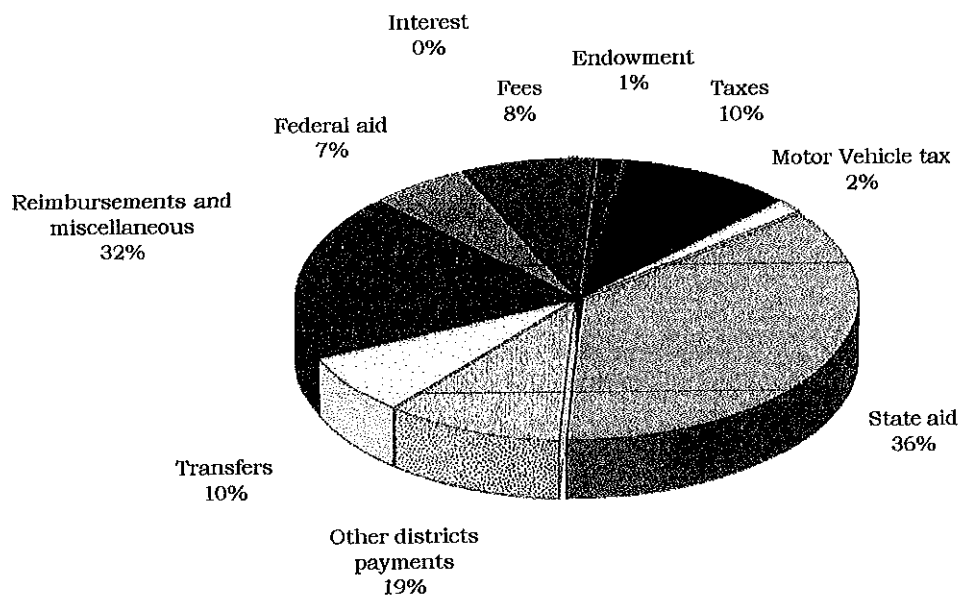
	2015 Budget	2015 Expenditures	2014 Expenditures	2013 Expenditures
Instruction	\$ 5,633,241	\$ 5,803,471	\$ 5,723,919	\$ 5,758,042
Student support services	251,950	248,222	243,139	197,124
Instruction support service staff	400,350	396,761	386,453	378,108
General administration	465,200	465,863	464,820	449,635
School administration	874,000	867,035	842,792	813,619
Operations & maintenance	578,900	509,114	514,450	509,770
Other supplemental service	205,000	203,612	197,999	190,773
Operating transfers	3,283,720	2,999,418	3,071,733	3,040,566
Adjustment to comply with legal maximum	(222,187)	0	0	0
Adjustments for qualifying budget credits	23,322	0	0	0
Total expenditures	\$ 11,493,496	\$ 11,493,496	\$ 11,445,305	\$ 11,337,637



**Unified School District Number 368
Paola, Kansas**

**CASH RECEIPTS FOR ALL FUNDS
Year ended June 30, 2015**

Taxes	\$ 4,466,859
Motor Vehicle tax	699,949
State aid	15,993,947
Transfers	4,529,053
Federal aid	3,161,459
Other districts payments	8,382,841
Reimbursements and miscellaneous	2,542,353
Interest	48,139
Fees	3,329,171
Endowment	759,300
	<hr/>
Total revenues	\$ 43,913,071
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Unified School District Number 368
Paola, Kansas

EXPENDITURES FOR ALL FUNDS
Year ended June 30, 2015

Instruction	1	\$ 25,243,091
Student support services	2	1,296,093
Instruction support service staff	3	431,497
General administration	4	2,854,045
School administration	5	942,248
Special area administration	6	199,024
Operations & maintenance	7	1,969,264
Other supplemental services	8	352,759
Operating transfers	9	4,529,053
Vehicle operation	10	954,609
Facility acquisition & construction	11	16,271,238
Food service operation	12	943,129
Debt service	13	2,192,765
Trust Fund	14	56,555
Endowment Trust	15	775,729
District activity at building level	16	185,536
Total expenditures		\$ 59,196,635

